

Kiev Aligns Corruption Fight with EBRD

By [The Moscow Times](#)

November 10, 2013

The  Moscow Times

KIEV — Ukraine has renewed a push for agreement with the European Bank for Reconstruction and Development, or EBRD, to fight corruption after President Viktor Yanukovich's commitment to improving the business climate was criticized, a bank official said Friday.

The ex-Soviet republic, which hopes to sign agreements on association and free trade with the European Union at the end of the month, backed away this week from inking the Anti-Corruption Initiative with the EBRD, aimed at ending corruption and extortionate business practices which deter investment.

The delay led to dismay among members of the foreign investment community who heard Yanukovich tell a regional economic forum Wednesday his government intended to deliver a "powerful and systematic attack on corruption in the country."

But an EBRD official said Friday the bank had now learned that an order had been issued to all government ministries to agree quickly a text of a memorandum of understanding that could

be signed with the international lender by Nov. 20.

"We understood that [the government] will intensify efforts to agree the initiative. Events have marshaled thoughts on this. We would welcome this renewed focus," the EBRD source said. There was no immediate comment from the government.

The international lender invests about \$1 billion a year in Ukraine and the EBRD says the delay in signing the initiative — officially because of "technical reasons" — is costing the country hundreds of millions of euros in lost EBRD investment.

Commentators say this is not money that Ukraine can afford to pass up lightly, as it faces threats of retaliatory trade action from its biggest partner Russia which has been angered at Kiev's course towards a new trading relationship with the EU.

A text of the draft memorandum of understanding envisages an independent body being set up to examine complaints from companies working in Ukraine about the way they are treated by tax and customs officials and the courts.

Businesses, ranging from the large to the very small often face extortionate demands for hefty bribes and the threat of corporate raiding.

As Ukraine moves towards signing the landmark agreements with the EU on Nov. 28, the EBRD is pushing it to take more robust action to improve the work climate for investors and businesses.

"If the investment climate is right then we have a potential strong pipeline for investment in the country," the EBRD said.

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